

**PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA
COMMISSION DIRECTIVE**

ADMINISTRATIVE MATTER

☐

DATE

July 01, 2009

MOTOR CARRIER MATTER

☐

DOCKET NO.

2009-12-S

UTILITIES MATTER

☒

ORDER NO.

SUBJECT:

DOCKET NO. 2009-12-S - Application of Aqua South Carolina for Approval of a New Schedule of Rates and Charges for Sewerage Services Provided to Customers in Spartanburg County – This Matter is Ready for Final Disposition.

COMMISSION ACTION:

On January 2, 2009, Aqua South Carolina filed its first application for a rate increase since 1996. This company provides sewer collection service to approximately 400 residents in the Brookside Subdivision in Spartanburg County.

The costs of operating this system have obviously increased since the last rate case. For instance, the fee the company pays for sewerage treatment to the Spartanburg Sanitary Sewer District has increased by 57 percent in just the past five years. During the twelve month test year for the rate case, ending June 30, 2008, the Company experienced a net loss of (\$38,412) and a negative Operating Margin of (38.27%), as adjusted. Moreover, the Company has made capital investments in the system totaling \$125,000, primarily for upgrading the collection system, and it is currently borrowing money to pay for its daily operations.

In its application, Aqua South Carolina requested a new schedule of rates and charges that would change the monthly flat rate currently paid by customers from \$20.50 to \$42.73 per month, increasing its annual revenues by \$108,838. However, Aqua South Carolina and the ORS have reached a Settlement Agreement in which they have agreed to certain accounting adjustments producing a flat monthly rate of \$37.00, which would yield an annual increase in gross revenues of \$80,784, result in an operating margin of 12.25%, and allow the company to earn annual net income of \$22,193, about half of what the company applied for. The Company also agrees to post a performance bond in the amount of \$140,000.

We held hearings in this matter on May 28, 2009 in Columbia and on June 25, 2009 in Spartanburg County. We heard compelling testimony from residents of the Brookside Subdivision concerning the financial state of their community and past problems with wastewater overflows. However, the law requires us to balance the impact of rate increases with the financial viability of the Company. I believe the Settlement Agreement between the Company and ORS accomplishes this goal.

I move that we approve that the Settlement Agreement, including the pass-through mechanism of the treatment charges from Spartanburg Sanitary Sewer District, the waiver of Regulation 103-530, which requires Aqua to maintain a local office in the state of South Carolina, and waiver of Regulation 103-532, regarding certain billing requirements.

However, I remain concerned about the public testimony we heard on June 25th. While it seems that many of the maintenance issues may have occurred several years ago, before Aqua acquired this system, I believe that further investigation is needed. Therefore, I move that we request that ORS investigate the issues raised in the hearing, and report its findings

to the Commission within 90 days. Further, that the ORS take such other action as it deems warranted including filing a complaint with the Commission, or referring incidents for investigation to the Department of Health and Environmental Control.

I also move that we request ORS to separately investigate whether it would be feasible and advisable for the company to transition from a flat rate billing scheme to a usage based sewerage charge.

PRESIDING: Fleming

SESSION: Regular

TIME: 2:00 p.m.

	MOTION	YES	NO	OTHER
CLYBURN	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
FLEMING	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
HAMILTON	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
HOWARD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
MITCHELL	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
WHITFIELD	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
WRIGHT	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	

Voting via telephone

(SEAL)

RECORDED BY: J. Schmieding

